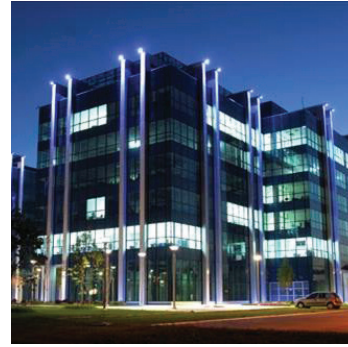




Government of the Republic of Serbia
Nemanjina 11
11000 Belgrade
Republic of Serbia



Invest in Serbia

Opportunities for Investors from China

September 2020

Welcome to Serbia!

Serbia is the only country in Europe that does not require visas for the citizens of the People's Republic of China.



88,361 km²



7 million



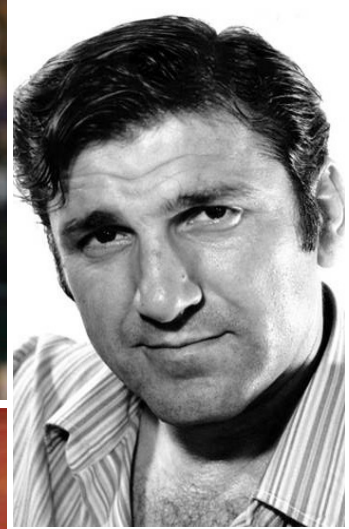
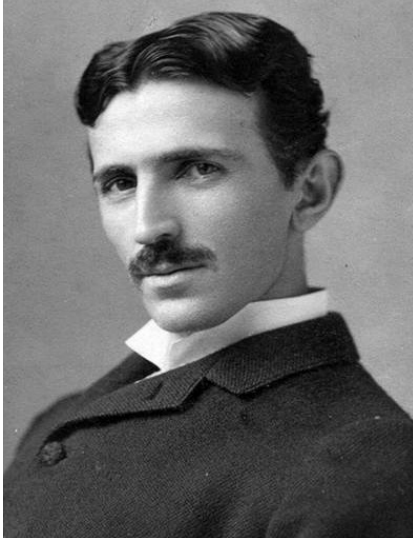
Currency
Serbian Dinar RSD



Country of Natural Beauty...



...and Talented and Hard-Working People



...and Impressive Economic Recovery



DOING BUSINESS IN SERBIA

Success in Attracting FDI

FDI Stock (% of GDP), 2019



	2012	2013	2014	2015	2016	2017	2018	2019
	1, 009	1, 548	1, 550	2, 114	2, 127	2, 548	3, 464	3, 815

Inflow of FDI in Serbia (million EUR)

Source: UNCTAD

Source: National Bank of Serbia

Join the Pool of the Successful



Success in Attracting FDI

FT Greenfield FDI Performance Index 2019

- Financial Times has ranked Serbia #1 in the world in Greenfield FDI performance
- Index is based on the number and size of Greenfield investment projects relative to the country's GDP
- According to FT, Serbia is “punching almost at 12 times above its weight”

IBM Global Locations Trends 2019

- Serbia is ranked #1 in the world by estimated jobs created from FDI per million inhabitants
- In addition, Serbia is ranked 12th in the World by total estimated jobs created from FDI

Country	Ranking	Score
Serbia	1	11.92
Montenegro	2	11.49
Cambodia	3	10.82
Lithuania	4	8.47
Malta	5	7.78

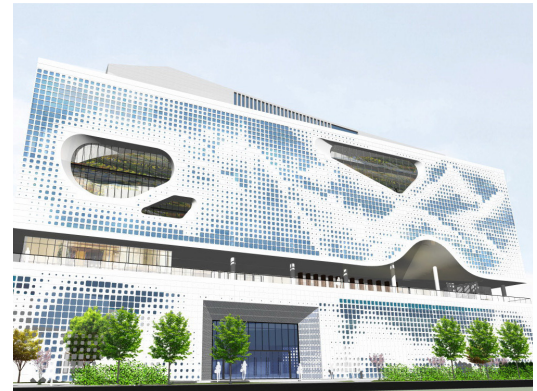
Country	Ranking
Serbia	1
Ireland	2
Jamaica	3
Lithuania	4
Hungary	5

Close Ties to People's Republic of China

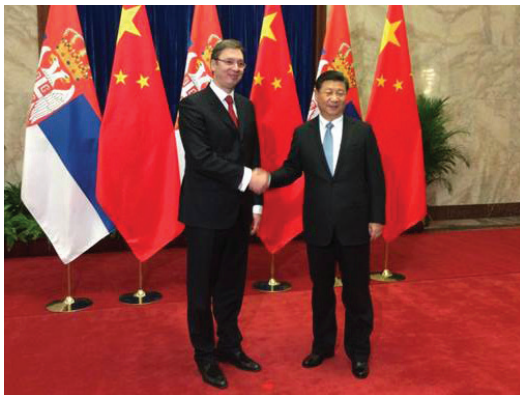
- 65-year long tradition of diplomatic relationship between the two countries
- Close ties with China represent one of the most important pillars of Serbia's foreign policy – Serbia is a part of One Belt, One Road initiative
- China is Serbia's largest economic partner in Asia, with annual trade amounting to 2.5 billion euros
- Bank of China, first Chinese bank in Serbia, was opened in Belgrade in January 2017 and this office will serve as a central hub for the Balkans and the region. With its activities, Bank of China will support the growing demand for the economic cooperation between Serbia and China, and further contribute to the “One Belt One Road” initiative
- Over the last years a significant increase in Chinese investments has been recorded and according to fDi Markets Serbia received the highest amount of Chinese foreign investment out of the '17+1' group in 2019 (the 17 countries from central and eastern Europe with whom Beijing has sought greater economic partnership)
- Chinese FDI has been directed mainly towards Serbia's export-oriented manufacturing areas, as well as key infrastructural projects
- Many joint projects executed or in work in the field of infrastructure:
 - Construction of “Mihajlo Pupin” bridge
 - Project of thermal power plan “Kostolac”
 - Construction of major sections of Corridor XI motorway
 - Modernization and construction of Belgrade-Budapest high speed railway

Close Ties to People's Republic of China

- In 2017 has started construction of new Chinese cultural centre as a platform to deepen cultural and economic relationship between two countries with total value of 45 M euros
- In July 2018 was established Chinese-Serbian Economy Association to react actively to the One Belt, One Road Initiative and to secure exchange of knowledge and information between Serbia and China



Close Ties to People's Republic of China



Chinese Investments in Serbia

HealthCare*

Sector: Furniture
 Year: 2015
 Investment: 50 M EUR (P)
 Employment: 1,200 (P)



Sector: Banking
 Year: 2017
 Investment: 50M EUR
 Employment: 30



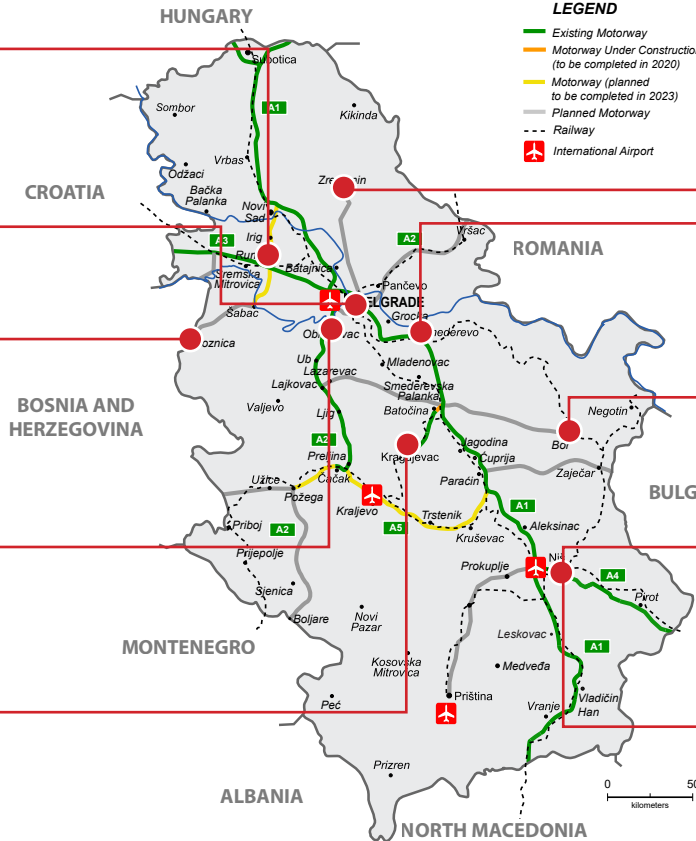
Sector: Automotive
 Year: 2019
 Investment: 100 M EUR (P)
 Employment: 1,000 (P)



Sector: Automotive
 Year: 2015
 Investment: 120 M EUR
 Employment: 3,100



Sector: Automotive
 Year: 2019
 Investment: 22 M EUR (P)
 Employment: 700 (P)



LEGEND

- Existing Motorway
- Motorway Under Construction (to be completed in 2020)
- Motorway (planned to be completed in 2023)
- Planned Motorway
- - - Railway
- International Airport

LINGLONG TIRE

Sector: Rubber (Tires)
 Year: 2019
 Investment: 800 M EUR (P)
 Employment: 1,200 (P)



Sector: Iron&Steel
 Year: 2016
 Investment: 300M EUR (P)
 Employment: 5,000



Sector: Mining
 Year: 2018
 Investment: 1,260 M EUR (P)
 Employment: 5,000



Sector: Electronics
 Year: 2013
 Investment: 65 M EUR
 Employment: 3,400 (P)



Sector: Electronics
 Year: 2020
 Investment: 60 M EUR (P)
 Employment: 1,000 (P)

Zijin Mining Group

- Zijin Mining Group is a sizable multinational mining group principally engaged in the prospecting, exploration and mining of gold, copper and other mineral resources
- Dually listed in Hong Kong and Shanghai Stock Exchange it is ranked the 889th in the list of “Forbes Global 2000” in 2019, of which 10th among the global non-ferrous mining corporations, 1st among the global gold corporations
- In 2018, it has been selected as the strategic partner of one of the Serbia’s largest companies, RTB Bor a state-run copper miner and smelter
- Company plans to invest more than one billion US dollars in the upgrading, expansion or construction of the four mines and the smelter and to maintain 5,000 employees
- In 2019, RTB Bor was 5th largest Serbian exporter with exports amounting to 340.5 M euros



HBIS Group Serbia

- Zelezara Smederevo is a well-known producer of steel, hot and cold rolled products and tin plate in southeast Europe with main facilities located in the city of Smederevo
- In 2016, the HBIS Group acquired Zelezara Smederevo through a public privatization tender
- Plant's design capacity is 2.2 million metric tons per year
- HBIS Group plans to invest in 300 M€ in renovation and expansion of capabilities while maintaining 5,000 employees
- Facilities of the HBIS GROUP Serbia Iron & Steel are located in Smederevo, Sabac and Kucevo
- In 2019, HBIS was largest Serbian exporter with the total export value of 679.4 M euros



LingLong Tire

- LingLong Tire is a Chinese tires producer
- In China, it is among top three producers by size, and globally is among top 20 largest producers
- It has production sites in China, Thailand and R&D centre in China and North America
- Tires are sold in 180 countries worldwide to 60 producers of cars, trucks, special vehicles and the company has a total of 15,000 employees
- In August 2018, Company has signed a Memorandum of Understanding with Serbian Government to invest 800 M euros in tires production and to employ 1,200 people in Zrenjanin
- Groundbreaking ceremony was held in 2019
- Serbia was chosen among following countries: Czech Republic, Poland and Slovakia that were also considered as a potential location for the first and only production plant in Europe of Linglong Tire



MEI TA

- Mei Ta Group is the world's leading manufacturer of turbocharger housings, based in Taiwan, China
- The main activity is the production of components for the automotive industry (engine parts) and their main clients are: Borg Wagner, Daimler, Ford, Toyota, etc.
- The group owns factories in France, Slovakia, Serbia, China and India with about 12,500 employees
- First project in Serbia Mei Ta started in 2015 for casting and machining of parts for the automotive industry, and afterwards started expansion of plant for the production of turbocharger housings, targeting total of 120 M euros of investment in Serbia with current 3,100 employees
- Total size of Mei Ta facilities reached ca.105,000 m²



MEI TA

MINTH

- As a car parts company, MINTH was founded in 1992 near the city of Ningbo, and already in 1997 it grew into MINTH Group Limited, and since 2002 it has been listed on the Hong Kong Stock Exchange
- The company is the market leader in China, while over time it has become one of the world leaders in the field of design, production and sales of both structural and decorative parts for cars - body parts, seat systems, and the like. Together, MINTH's customers represent 80% of the total global auto market share
- In 2018 company made a decision to establish a production in Serbia with a plan to invest 100 M euros and employ 1,000 people
- In 2019, company started construction of its facilities in the city of Loznica



Johnson Electric

- Johnson Electric is a provider of motors, actuators, motion subsystems and related electro-mechanical components for automotive, industrial and medical applications
- Company has manufacturing facilities in 18 countries on four continents
- It started operating in Serbia in 2013, and based on the success of its first project, the company is expanding and targeting 65 million euros total investment and 3,400 employees in Nis by the end 2021
- The facility in Nis will have production capacity of 5 million electrical motors
- Total exports are expected to reach 190 million euros and are intended for EU customers such as Mercedes, BMW and Renault



WHY INVEST IN SERBIA?

Why invest in Serbia

”

The great talent of our team in Pirot and the active support of the Serbian authorities have made it possible to complete this project successfully. The Pirot based factory will support even better our growth ambitions in the passenger cars entry-level segment that is increasing in Europe, Russia, Africa and Middle East.

Jean-Dominique Senard, President – Michelin Group

”

We saw Serbia as a country with good strategic position, adequate infrastructure and great human resource potential. Being at a unique position in the European market, Serbia offers diverse possibilities and, above all, high quality workmanship.

Mrs. Silvia Vernetti - Blina, Director – FCA Serbia



Political and Economic Stability

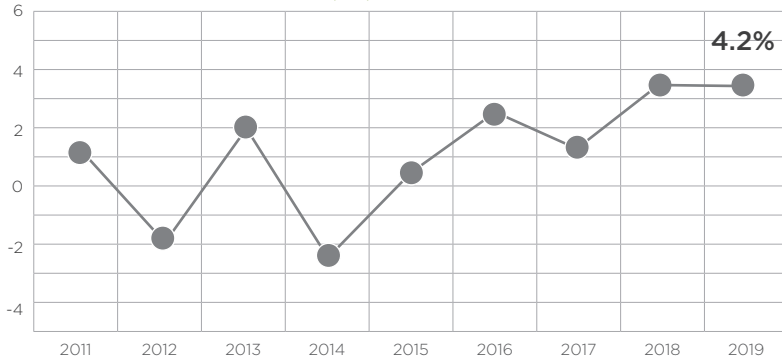
- Global financial crisis of 2008 exposed the structural weaknesses in Serbia's economic, consumption led service based, growth model
- A new, strong majority government was formed in March 2014 and launched bold economic and structural reforms, including fiscal consolidation, improvement of the regulatory framework to promote investment climate and business environment:
 - Consolidated budget deficit was reduced from alarming 6.2 % of GDP in 2014 to surplus of 0.2% GDP in 2019, while accelerating growth of public debt has been reversed bringing it from its peak at 71.2% of GDP in 2015 to 52.9% of GDP in 2019
 - With growth of 4.4% in 2018, the highest in a decade, and 4.2% in 2019 GDP is on the sustainable growth path
 - Export of goods is registering constant growth reflecting rise in competitiveness of local economy and positive global environment
 - Unemployment rate has been almost cut in half from its post crisis peak at 23.9% in 2012 to 9.7% in Q4 2019
 - Serbia moved up by 49 places over the past 5 years on the World Bank Doing Business List and is now ranked 44th globally, while the Government has established a goal to be ranked in the top 20

Political and Economic Stability

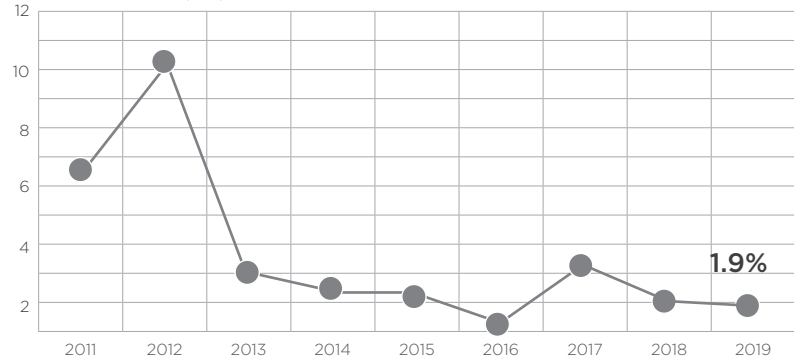
- Political and economic stability, regional cooperation, infrastructure development, investments promotion and educational reform are among Serbia's highest priorities
- Serbia is on a clear path towards EU membership, while nurturing close ties and partnerships with countries from all around the world
- Regional stability is one of the highest priorities of the Government of the Republic of Serbia
- Serbia is committed to continuing to lead the region towards cooperation and unity in order to ensure peace and prosperity for generations to come
- Infrastructure projects such as the proposed motorway connecting Belgrade and Sarajevo, and proposed motorway connecting Belgrade and Tirana are great examples of joint undertakings that have a goal to connect people in the region
- In order to further strengthen regional market integration, Serbia has recently initiated the establishment of a “regional economic area” with a detailed list of measures adopted in June 2017 aiming to go a step beyond the CEFTA agreement (Albania, Bosnia and Herzegovina, Macedonia, Moldova, Montenegro and Serbia - market of ca. 20 million inhabitants)
- In October 2019 the leaders of Albania, North Macedonia, and Serbia have committed to working together to lift barriers on the movement of goods and people between the three Balkan countries launching an initiative ‘Small Schengen’

Economic Indicators

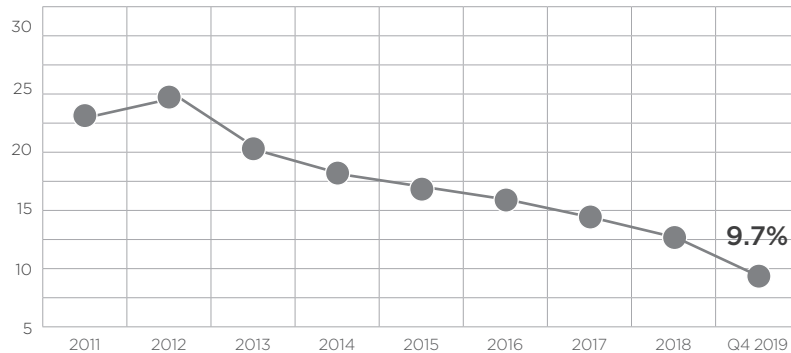
GDP Growth Rate (%)



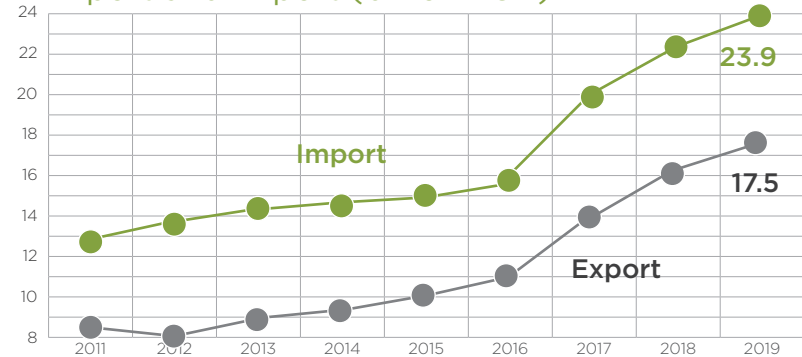
Inflation (%)



Unemployment Rate (%)



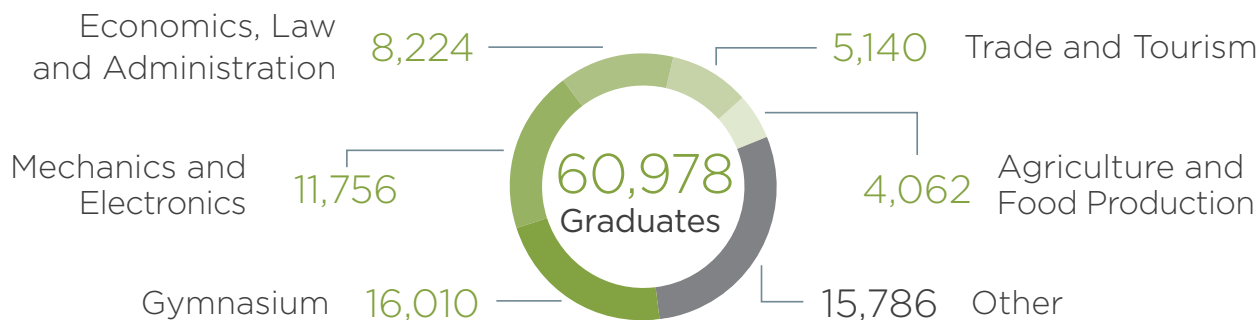
Import and Export (billion EUR)



Availability of High Quality Labor

High School Education

There are 517 high schools in Serbia, with approximately 60,978 graduates each year:



Dual Education

A New Law on Dual Education has been passed in 2017 so the regulatory framework is in place for developing this type of education from school year 2019/2020

So far there have been pilot projects but it is expected that this practice now will be expanded to a larger scale.

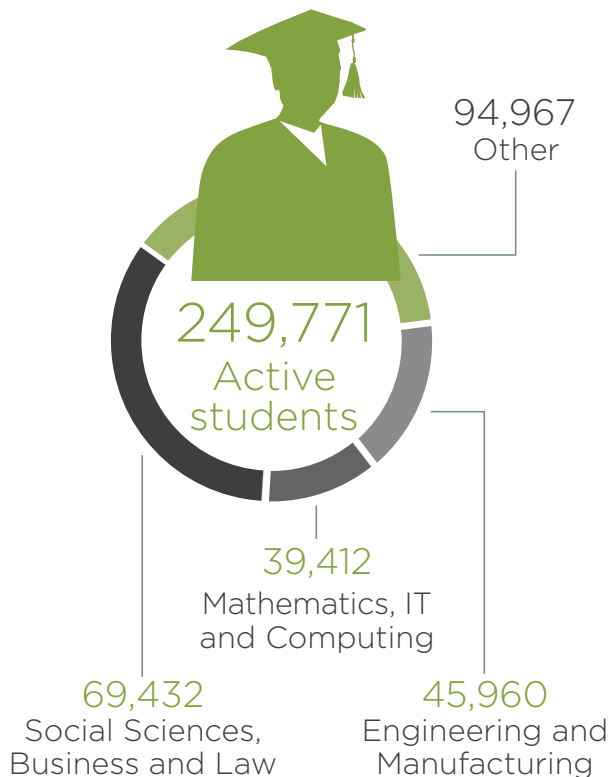
Availability of High Quality Labor

University Education

- There are 8 public universities in Serbia (82 faculties) and 10 private universities (48 faculties)
- The number of enrolled students is increasing each year
- University of Belgrade is ranked in top 400 universities in the world according to the Shanghai Ranking (top 200 in Physics and Mathematics)
- Universities have advanced programs in sciences: engineering, IT, physics and mathematics

Serbia is ranked as **22th** in respect to **Graduates in Science and Engineering** according to **Global Innovation Index 2019**

(The share of all tertiary graduates in science, manufacturing, engineering, and construction over all tertiary graduates)



Availability of High Quality Labor

U21 Ranking of National Higher Education Systems 2019

Serbia's universities are 3rd highest performing in the ranking adjusted for gross domestic product.

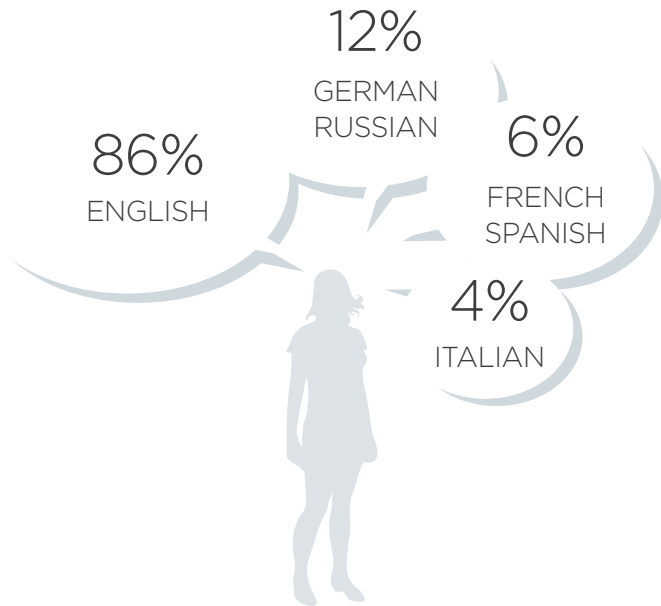
Country	Ranking
UK	1
Finland	2
Serbia	3
South Africa	4
Denmark	5
Canada	6
Sweden	7
New Zealand	8
Switzerland	9
Australia	10

In 2015, Times Higher Education selected Serbia as one of the eight countries that could be the world's new education superstars!

Ranking was based on a range of academic and economic metrics like research publication rates, higher education participation rates and GDP per head.

Availability of High Quality Labor

Foreign Language Proficiency



According to the EF English Proficiency Index 2019, prepared by Swiss-based Education First, Serbia ranks 17th overall out of the listed 100 non-native English speaking countries

Number of Students Studying Foreign Languages

Language	Elementary School	High School
English	551,173	324,561
German	128,201	58,620
French	86,423	43,483
Russian	61,262	27,433
Italian	13,669	5,006
Spanish	5,940	1,451

Source: InfoStud, indication of knowledge of languages, based on 100K+

Availability of High Quality Labor

Availability of Labor

7.3%

Unemployment Rate

Structure of Unemployed by Level of Education

Level of Education	Number of Unemployed	%
No Education and Primary School	29,600	13.3
High School	141,700	63.6
University and College	51,600	23.1
Total	222,900	100%

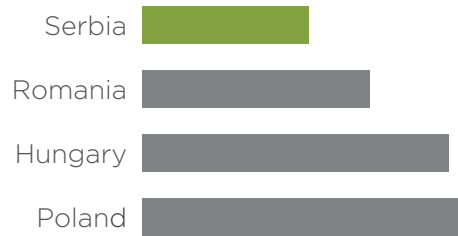
Structure of Unemployed by Age

Age Group	Number of Unemployed	%
15-24	34,500	15.5
25-34	68,900	30.9
35-44	55,200	24.8
45-54	40,400	18.1
55-64	23,700	10.6
65+	200	0.1
Total	222,900	100%

Source: Statistical Office of the Republic of Serbia, Q2 2020

Competitive Operating Costs

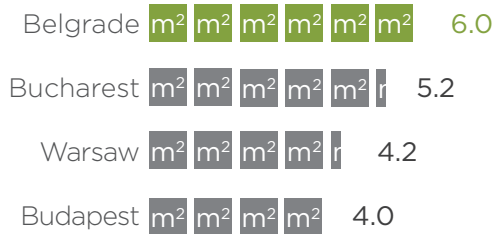
Labour Cost (€)



Source: The Vienna Institute for International Economic Studies, 2019

Office Space Rental per Month

How much office space can you rent for €50?



Source: Cushman & Wakefield/RAS Research

Corporate Profit Tax (%)



Source: KPMG, 2020

Electricity

How much electricity can you buy for €0.36?

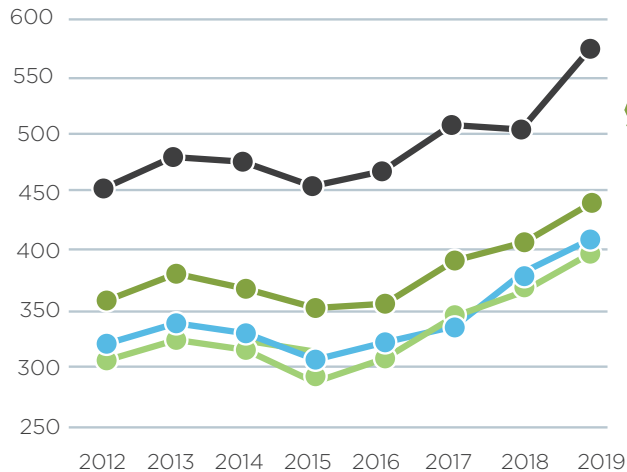


* Excluding VAT and other recoverable taxes and levies

Source: EUROSTAT, Q2 2019

Competitive Operating Costs

Average net salary by regions (€)



- Belgrade
- Vojvodina
- South and East Serbia Region
- Sumadija and West Serbia Region



15€/m²

Office Space Prime A



Old Build 1-2.5€/m²

Industrial Facility

New Build 3-5€/m²

Lease Cost



200-400€/m²

Average Building Cost



0.067 €/kWh

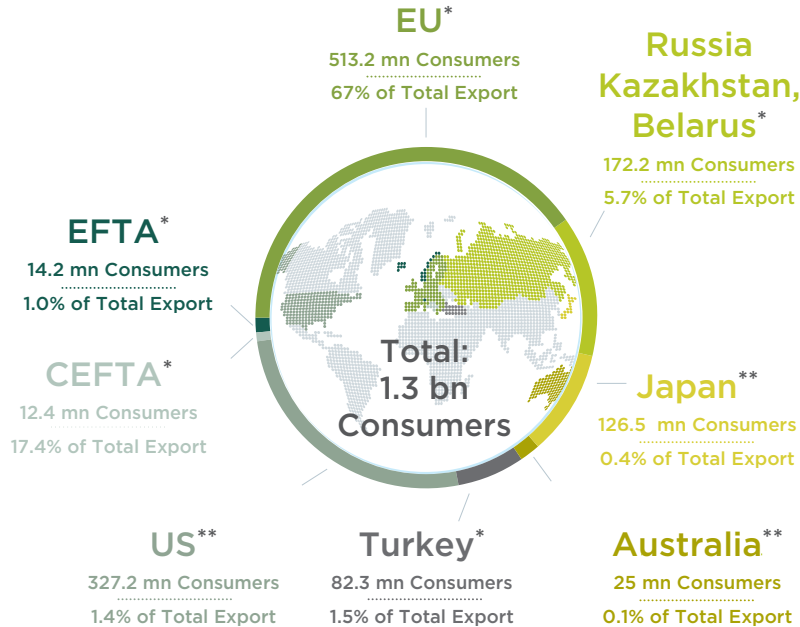


0.6-1.3 €/m³



0.38-0.42 €/m³

Customs-Free Access to 1.3bn Consumers



*FTA - Free Trade Agreements
 **GSP - Generalized System of Preferences

Did you know?

Externally, Serbia can serve as a manufacturing hub for duty-free "made in Serbia" exports to a market of more than 1 billion people that includes the EU, Russian Federation, USA, Kazakhstan, Turkey, South East Europe, the European Free Trade Agreement members, and Belarus. This customs-free regime covers most key industrial products.

Serbia is the only country outside of the Commonwealth of Independent States that has a Free Trade Agreement with the Russian Federation.

World Bank Doing Business List - Trade Across Border

Country	Rank
Norway	22
Serbia	23
Albania	24
Latvia	25
Bhutan	26
North Macedonia	27
United Kingdom	28

Optimal Geographic Location

Getting to Serbia is easier than ever!

With the formation of the national airline - Air Serbia in 2013, Belgrade International Airport has increased a number of passengers for over 60%.



Staying close to your customers

Serbia's optimal geographic location keeps you close to your customers. Well developed transportation and logistics industry has the ability to serve most EU markets by road in less than 24 hours.



Optimal Geographic Location



Serbia has more kilometers of highway than the countries in the region such as Bulgaria and Romania, and est. 60 million vehicles passed through Serbia in 2019 vs. 34 million in 2014.

Ms. Zorana Mihajlovic,
Minister of Construction, Transport and Infrastructure, 2019

Investments into infrastructure continue to be one of Government's top priorities

2014 2019

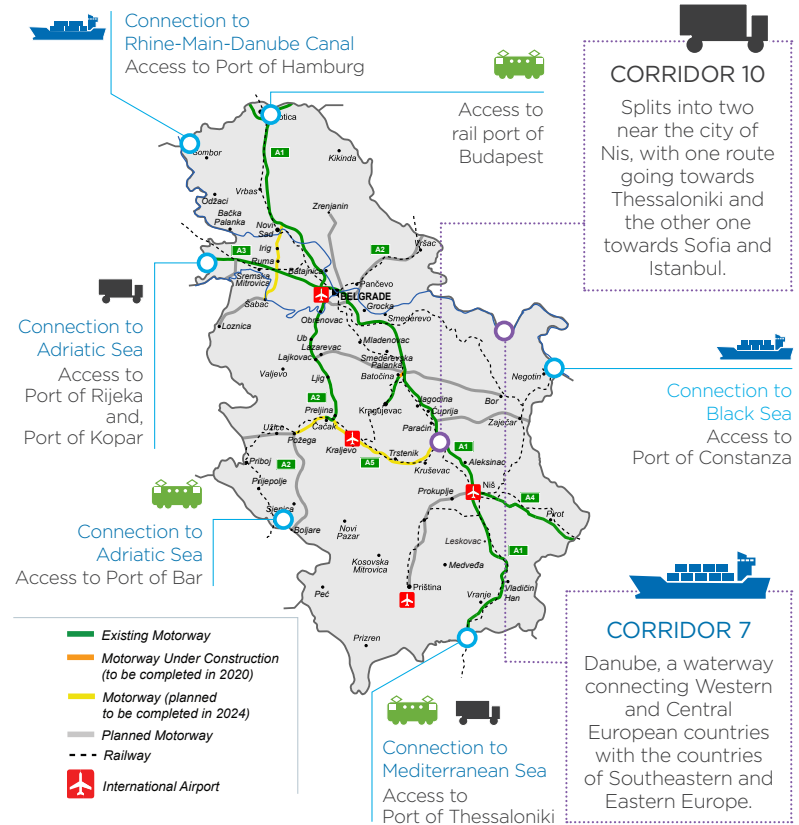
319 km

constructed highways and motorways

287 km

of highways and motorways under construction

160 km of railways
under construction/reconstruction/modernization



Financial Benefits

Financial Incentives

To offset initial capital investments and ease the start-up of business endeavours, the Government of Serbia offers financial support for projects in the manufacturing sector, R&D, and services if subject to international trade.

Corporate Income Tax Incentives

A 10 year Corporate Income Tax Holiday is available for investors who hire more than 100 employees and invest more than 8.3 million euros (1 billion RSD). Tax holiday begins once the company starts making a profit.

Payroll Tax Incentives

Employment of people who were registered with the National Unemployment Agency for more than 6 months entitles employers to a sizable relief of taxes paid on net salary from the moment of employment :

- 1-9 new jobs: 65% reduction
- 10-99 new jobs: 70% reduction
- 100+ new jobs: 75% reduction

(payroll tax incentives can't be combined with Financial Incentives)

Double Taxation Treaties

Serbia has 60 effective double taxation treaties on income, capital and property. Serbia has signed Treaty with People's Republic of China on avoidance of double taxation on income and property

Training Unemployed Workers by a Third Party

National Unemployment Agency provides required training for the unemployed workers by contracting a third party in order to teach skills required by the local employers (for example, CNC machining, operating a fork lift, etc.

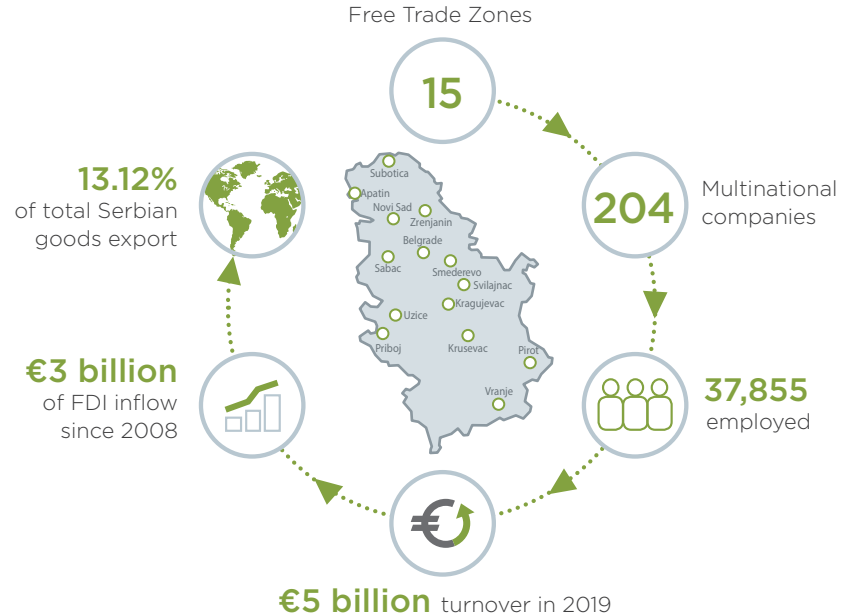
Training Unemployed Workers by the Investor

Investor can apply themselves with a training program that they would provide to unemployed workers that would then be hired by the company. In this case, the funds are disbursed to the investor upon the completion of training and hiring.

Financial Benefits and Incentives

Free Trade Zones Source: Free Zone Administration, 2020

- VAT exemption on:
 - entry of goods including directly associated transport and other services
 - trade of goods and services within and between free zones
 - energy consumption
- Exemption from customs duties and other import duties for goods and construction of facilities in the free zone (raw materials, equipment, construction materials)



Development Agency of Serbia - RAS

About RAS

- **Development Agency of Serbia** is a government organization dedicated to facilitating and implementing direct investments, promoting and increasing exports, improving the competitiveness of Serbian economy, as well as reputation, and economic and regional development of the Republic of Serbia
- RAS provides support to investors from the initial, question and answer stage of the investment all the way through the implementation and the entire lifecycle of the investment
- RAS Direct Investment Advisors are available at all times to answer any questions or provide assistance

Locations Database - <http://www.serbia-locations.rs>

RAS Locations Database represents the most up to date registry of available Greenfield and Brownfield locations for investment in Serbia including general data, land and building information, ownership information, legal status and infrastructure.

Suppliers Database - <http://serbia-locations.rs/suppliers-eng>

RAS Suppliers Database represents the most up to date registry of companies in Serbia that can supply raw materials, goods and services to investors in Serbia.

RAS Contact Details

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RAS



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